

HYBRID STRATEGY AND HOTEL PERFORMANCE: THE MEDIATING EFFECT OF STRATEGIC FLEXIBILITY

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ABSTRACT

Purpose - This paper examines the strategic flexibility as a mediator on the relationship between hybrid strategy and performance of Malaysian hotels. Porter (1980, 1985) explained that competitive strategy paradigm was based on firms' competitive advantage within an industry, which can be achieved by pursuing either low cost or differentiation. But in contrast to Porter's viewpoint, the researcher used cost leadership and differentiation strategies, because they are commonly used strategic dimensions in the literature which called hybrid strategy (Baroto and Abdullah, 2011). This hybrid strategy is the one which combine low cost and differentiation elements. This new hybrid strategy becomes more important where firms can position themselves to improve their ability to adapt quickly to environmental changes and learn new skills and technologies, leverage core competencies across business units and produce products or services with differentiated features at low cost (Kim, Nam & Stimpert, 2004; Acquaah and Yasai-Ardekani, 2006; Salavou, 2013; Thomas, 2015; Jamil and Hasnu, 2017).

However, hotels in the hunt for developing their performance cannot solely depend on the hybrid strategy, but need to create strategic flexibility that could propel for better performance attainment. Strategic flexibility is considered as the important source of competitive advantage in an uncertain and rapidly changing environment (Hitt, Ireland & Hoskisson, 2009). Along with the globalization and the revolution of technologies, corporations are facing greater environmental uncertainty and so more attention should be paid to strategic flexibility. Nonetheless, empirical studies that emphasize on the influence of hybrid strategy and strategic flexibility are still fewer within the context of Malaysian hotel industry, which provides an immense potential for future research. To enrich the existing literatures of hybrid strategy and strategic flexibility use in the Malaysian hotel industry, this study makes an attempt to achieve the following objectives; (1) to examine the relationship of hybrid strategy and hotel performance; and (2) to examine the effect of strategic flexibility in mediating the association between hybrid strategy and hotel performance.

Methodology - A total of 475 sets of questionnaires administrated through mail to all three star and above rating hotel managers in Malaysia, and only 24 percent of it, which is 114 were usable. Multiple regressions were used to analyse the relationship of hybrid strategy, strategic flexibility and performance. This cross-sectional study tested all hypotheses that are related to the research questions and used statistical software SPSS 21 to analyze data.

Findings - The outcomes indicate that hybrid strategy has a significant impact on performance and strategic flexibility. Similarly, strategic flexibility has a significant impact on performance. Specifically, it establishes that strategic flexibility partly mediate the association of hybrid strategy and performance.

Keywords: Hybrid strategy, strategic flexibility, hotel performance.

CONCLUSIONS

This study found hoteliers that executing hybrid strategy should simultaneously use strategic flexibility to attain better performance. Entirely the findings provided new insight to the hotel management from strategic management perspective in understanding the role of hybrid strategy and strategic flexibility in generating enhanced performance. It fills in some of the gap and shows the importance of hybrid strategy and mediating effect of strategic flexibility in the Malaysian hotel industry which has received little empirical attention.

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